

City of San Diego

2012 Federal Legislative Update

October 3, 2012

Objectives

- Review of federal advocacy efforts, legislative and policy priorities, and successes in 2012

FY2012 Appropriations

- The earmark ban implemented during the FY 2011 appropriations process continued for FY 2012 and FY 2013.
- Therefore, federal advocacy efforts for FY 2012 and FY 2013 appropriations focused on maintaining programmatic funding levels of importance to the City.

FY2012 Appropriations

- These include the prevention of drastic spending reductions to programs important to local governments and their partners, including – Community Development Block Grants, UASI and FEMA first responder programs, WIA, transportation programs, economic development assistance, public safety funding, SAFER grants, veterans and homelessness assistance, and public housing, among others.

FY2012 Appropriations

- Fortunately, strong advocacy efforts were again able to prevent proposed cuts to many of these programs in FY2012 --
 - CDBG: maintained at \$2.95 billion plus \$400 million for disaster relief
 - VASH vouchers: \$75 million (\$25 million increase from FY 2011; overall Section 8 funding was increased by \$552 million from FY 2011)
 - HOME Investment Partnerships: \$1 billion (\$606 million below FY 2011)

FY2012 Appropriations

- Sustainable Communities: The program was eliminated, but remained eligible through other funding sources (\$100 million in FY 2011)
- WIA: \$3.2 billion (an increase of \$400 million above FY 2011)
- New Starts: \$1.955 billion (an increase of \$358 million from FY 2011)
- TIGER grants: \$500 million (\$27 million less than FY 2011)

FY2012 Appropriations

- COPS funding: \$199 million (a decrease of \$297 million from FY 2011, which was \$296 million less than FY2010; House Republicans continue to push to eliminate the program)
- FEMA State/Local programs: \$1.35 billion (\$900 million below FY 2011; left to the discretion of the agency, UASI received over \$490 million (\$172 million less than FY 2011))
- SAFER / AFG: \$675 million (\$337.5 million each; overall \$135 million less than FY 2011)

FY 2013 Appropriations

- Despite efforts by House and Senate appropriators, none of the FY 2013 appropriations bills were enacted prior to the start of the fiscal year on October 1.
- On September 28, the President signed a six-month Continuing Resolution (CR) which will fund the federal government through March 27, 2013.

Sequestration

- *The Budget Control Act of 2011* (P.L. 112-25) mandated across-the-board spending reductions in the event the Super Committee and / or Congress failed to craft a \$1.2 trillion deficit reduction package required to offset the August 2011 debt ceiling increase.
- On January 2, 2013, \$109 billion in automatic spending reductions is scheduled to go into effect barring any action from Congress to postpone the process or approve a deficit reduction package.

Sequestration

- Stakeholders, particularly those in the Defense community have been advocating for months against sequestration.
- Supported action by Mayor Sanders on behalf of the City and regional interests, such as his lead role in:
 - conducting a press conference and meetings in DC with Phoenix Mayor Greg Stanton and the Aerospace Industries Association and
 - ensuring a bipartisan mayoral letter to Congress on sequestration highlighted defense-related impacts on local communities (*now at 160 signatures*).

Sequestration

- Recently, in response to a Congressional mandate (*the Sequestration Transparency Act* (P.L. 112-155)), the White House released a report outlining the implementation of the initial \$109 billion in sequestration cuts schedule for January 2, 2013. The report estimated percentage cuts for both domestic and defense discretionary and mandatory programs.

Sequestration

- For all non-exempt agencies and programs -
 - Discretionary domestic – 8.2%
 - Mandatory domestic – 7.6%
 - Discretionary defense – 9.4%
 - Mandatory defense – 10%

Moving Ahead for Progress in the 21st Century (MAP-21)

- On July 6, 2012 President Obama signed MAP-21 into law, reauthorizing highway, transit and vehicle safety programs through September 30, 2014.
- Funded at approximately current funding levels -- \$105.7 billion. Annually authorizes \$40 billion for highways and \$10.5 billion for transit.
- Advocated provisions helpful to City and regional transportation interests, including creative financing tools and protection of sub-state allocations (also supported SANDAG in pursuing Mid-Coast Trolley).

MAP-21

- Overall, MAP-21 includes:
 - Extensive program consolidation;
 - Expedited and streamlined project review process; and
 - Increased innovative financing tools.

MAP-21

- MAP-21 renames the Transportation Enhancements program "Transportation Alternatives". The bill provides 2% of the amounts apportioned to the states to be set aside for TA and 50% of that amount is sub-allocated to localities based on population.

MAP-21

- Under Transportation Alternatives, the bill also:
 - Removes some eligible activities such as transportation museums;
 - Expands other activities such as environmental mitigation; and
 - Combines Safe Routes to School, Recreational Trails and a new category for constructing boulevards and roadways in the right of way of former Interstates and divided highways.

MAP-21

- MAP-21 authorizes \$500 million for FY 2013 from the General Fund for Projects of National and Regional Significance (these funds must be appropriated), with eligibility to include State DOTs, transit agencies and multi-jurisdictional groups.

MAP-21

- MAP-21 provides \$422 million in FY 2013 and \$427.8 million in FY 2014 for Bus and Bus Facilities Formula Grants. This was formerly a discretionary program. Eligible activities include replacing, rehabilitating and purchasing buses and related equipment; also construction of bus related facilities.

MAP-21

- MAP-21 authorizes and reforms the Transportation Infrastructure Finance and Innovation Act (TIFIA) which provides Federal credit assistance such as direct loans, loan guarantees and lines of credit to finance projects of national and regional significance:
 - Funding is \$750 million in FY 2013; \$1 billion in FY 2014;
 - U.S. Department of Transportation currently is accepting Letters of Interest. Letters of Interest will be accepted and reviewed on a rolling basis.

MAP-21

- MAP-21 includes \$1.907 billion annually for FY 2013 and FY 2014 for Fixed Guideway Capital Investment Grants (New Starts/Small Starts). Fixed Guideway Grants includes Bus Rapid Transit (BRT) projects.
- MAP-21 reforms the project approval process for Small Starts into two phases: Project Development and Engineering Phase. Criteria for Small Starts now includes economic development benefits and land use patterns supporting public transportation intended to benefit streetcar projects.

FAA Reauthorization

- After 23 short-term extensions, the President signed a multi-year (through FY 2015) reauthorization of FAA programs on February 14.
- Supported advocacy on airport policy priorities with regional economic impacts:
 - Authorized the Airport Improvement Program at \$3.35 billion / year through FY 2015 (subject to appropriations).
 - No increase to the Passenger Facility Charge (PFC) maximum.
 - Excluded other proposed costly mandates.
 - Allowed additional beyond-perimeter direct flights from Reagan National Airport, benefitting San Diego through USAirways flight.

Housing Legislation

- *Responsible Homeowner Refinancing Act* (S. 3522)
 - Cosponsored by Senators Boxer and Feinstein.
 - Expands and simplifies the HARP (Home Affordable Refinance Program) to help homeowners refinance their mortgages by: eliminating loan to value restrictions; allowing all loans guaranteed or owned by Fannie Mae or Freddie Mac to be refinanced if the mortgage is current; waiving borrower appraisal costs and fees; and, increasing competition among lenders.
 - May be brought to Senate floor for vote in lame duck session of Congress.

Housing Legislation

- *Expanding Refinancing Opportunities Act* (S. 3047)
 - Sponsored by Senator Feinstein.
 - Allows homeowners whose loans are not guaranteed by GSEs or FHA to refinance their mortgages through the Federal Housing Administration.
 - Establishes a separate FHA Expanded Refinancing Fund.

Housing Legislation

- *Rebuilding Equity Act* (S. 3520)
 - Requires Fannie Mae and Freddie Mac to pay for closing costs of homeowners taking advantage of Home Affordable Refinance Program (HARP).

Housing Legislation

- *The 4% Mortgage: Rebuilding American Homeownership Plan*
 - Establishes a 4% interest rate for all homeowners who are current on mortgages.
 - Creates the Rebuilding American Homeowners Trust to buy mortgages from those who owe more than homes are worth, but current on payments.
 - Administration exploring a pilot program under existing authority.

Legislative and Policy Priorities

- **Border Issues and Port-of-Entry Construction:** Patton Boggs and the City continued to work with CBP and GSA with regard to adequate funding and design configuration to ensure access to transit and pedestrian mobility at the San Ysidro POE.

Legislative and Policy Priorities

- As a results of these efforts, GSA recently announced it would construct a temporary connection of Interstate 5 to El Chaparral to accommodate the impending completion of the Mexican facility.

Legislative and Policy Priorities

- **America's Cup Legislation:** In November 2011 the President signed legislation implementing a Jones Act waiver to accommodate non-U.S. vessels participating in the America's Cup races. In an extraordinary effort given the political climate of this Congress, the San Diego delegation, with the support of Minority Leader Nancy Pelosi and other members of the CA delegation were able to introduce and enact legislation within a six-week timeframe.

Legislative and Policy Priorities

- **Urban Area Security Initiative:** The UASI program has been reduced from over \$832 million for 64 areas in FY 2010 to \$490 million for 31 areas in FY 2012. Despite at one point being removed from the list altogether, due to advocacy efforts, San Diego remains a Tier I area, ranked #11 overall (Tier I was intended to be limited to 10 areas).

Legislative and Policy Priorities

- **Sportsfishing Permitting:** Patton Boggs is currently working with the City, the Port and the Sportsfishing Association to solicit the State Department to work with Mexican officials to expedite resolution of permitting and inspection issues impacting the sportsfishing industry and local economy in San Diego.

Legislative and Policy Priorities

- **Water Infrastructure:** Continued support for the City to secure additional federal funding to complete a feasibility study of a four-reservoir intertie.

Pursuing broader legislation authorizing a new water infrastructure financing tool (WIFIA).

Mayor Sanders took a lead in this effort on behalf of the City, sponsoring a USCM resolution for the past two years.

Legislative and Policy Priorities

- **D Block Spectrum:** *The Middle Class Tax Relief and Job Creation Act* (P.L. 112-96) reallocated the D Block of the 700 MHz spectrum to public safety and provided for the build out of a nationwide interoperable wireless broadband network. The bill created a First Responder Network Authority (FirstNet) to hold the license for and manage the network. The FCC officially reallocated the D Block on September 7 and the FirstNet board held its first meeting on September 25.

Legislative and Policy Priorities

- **Marketplace Fairness Act:** The City has been advocating for legislation to prevent online retailers from circumventing State and Local taxes on internet commerce. House and Senate bills were introduced in 2011 and 2012; a compromise is currently being negotiated with the intent of bringing up a bill in the lame duck session.

Legislative and Policy Priorities

- **Three Percent Withholding:** An IRS provision which would have required State and Local governments that spend more than \$100 million / year in outside contracts to withhold three percent for the IRS and adhere to new reporting requirements was permanently repealed in November 2011.

Legislative and Policy Priorities

- **PACE:** Collaborated on legislation and administrative action addressing FHFA impediments to San Diego PACE program implementation, including bipartisan co-sponsorship by delegation (H.R. 2599 / S. 1737). Advised City on related FHFA rulemaking process responding to federal district court decision.

Legislative and Policy Priorities

- **Point Loma Wastewater Treatment Plant:**

Patton Boggs continues to work with the City on potential long-term solutions to the Clean Water Act waiver related to the Pt. Loma Wastewater Treatment plant outfall.

Lame Duck Agenda

- “Fiscal Cliff” – Sequestration and tax cut expiration
- Wind Power tax credits
- “Doc fix”
- Farm Bill
- Defense Authorization